IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

| | | |
|---|---|---|
| NHA, INC. | ) | |
| Plaintiff, | ) | |
| | ) | |
| v. | ) | CIVIL ACTION NO. |
| | ) | |
| NEW IMAGE GLOBAL, INC. | ) | JURY TRIAL REQUESTED |
| | ) | |
| Defendant. | ) | |

## COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff, NHA, Inc. ("NHA"), by and through its attorneys, brings this Complaint for Patent Infringement against Defendant, NEW IMAGE GLOBAL, Inc. ("New Image"), and alleges as follows:

## NATURE OF THE ACTION

1. This is a civil action for patent infringement arising under the patent laws of the United States, Title 35, United States Code, involving Patent Nos. 7,712,472 and 8,056,566.

## THE PARTIES

2. Plaintiff, NHA, Inc., is a corporation organized under the laws of Pennsylvania, with its principal place of business located at 247 Rittenhouse Circle Unit A, Bristol, Pennsylvania, 19007.

3. On information and belief, Defendant, NEW IMAGE GLOBAL, Inc., is a corporation organized under the laws of California with its principal place of business located at 3002 Dow Ave. #108, Tustin, California, 92780.

## JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 (federal question jurisdiction) and 28 U.S.C. § 1338(a) (patent jurisdiction).

5. This Court has personal jurisdiction over New Image because New Image is subject to general and specific jurisdiction in the Commenwealth of Pennsylvania. New Image has established minimum contacts with this judicial district. Upon information and belief, New Image regularly conducts business in Pennsylvania, including selling and/or offering to sell products in this judicial district to persons located in Pennsylvania for infringing use by such persons. New Image also owns and/or operates an interactive website for commercial purposes, including said purposes of promoting, marketing, and advertising infringing products. Said website is accessible to persons located in Pennsylvania. Through its website, New Image offers to make, sell, and distribute infringing products for Pennsylvania customers, and uses such website to induce and contribute to the infringement by others located in Pennsylvania. New Image's actions constitute patent infringement in this district in violation of 35 U.S.C. § 271. The acts by New Image have caused injury to NHA within Pennsylvania and this judicial district.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and (c) and § 1400(b) and because New Image transacts business within this judicial district and has committed acts that constitute infringement of U.S. Patent Nos. 7,712,472 and 8,056,566.

## THE PATENTS-IN-SUIT

7. NHA reasserts and incorporates herein by reference the allegations of all preceding paragraphs in this Complaint as if fully set forth herein.

8. On May 11, 2010, U.S. Patent No. 7,712,472 ("the '472 patent") entitled, "Smoking Article with Removably Secured Additional Wrapper and Packaging for Smoking Article," a true and correct copy of which is attached hereto as Exhibit A, was duly and legally issued by the U.S. Patent and Trademark Office (the "USPTO"). The '472 patent is now and at all relevant times has been in full force and effect.

9. NHA is the owner by assignment of all rights, title, and interest in and to the '472 patent, including all rights of actions and rights to recover for damages, profits, and costs arising from any past, present, and future infringements of the '472 patent.

10. On November 15, 2011, U.S. Patent No. 8,056,566 ("the '566 patent") entitled, "Smoking Article with Removably Secured Additional Wrapper and Packaging for Smoking Article," a true and correct copy of which is attached hereto as Exhibit B, was duly and legally issued by the U.S. Patent and Trademark Office (the "USPTO"). The '566 patent is now and at all relevant times has been in full force and effect.

11. NHA is the owner by assignment of all rights, title, and interest in and to the '566 patent, including all rights of actions and rights to recover for damages, profits, and costs arising from any past, present, and future infringements of the '566 patent.

## COUNT 1 – INFRINGEMENT OF U.S. PATENT NO. 7,712,472

12. NHA reasserts and incorporates herein by reference the allegations of all preceding paragraphs of this Complaint as if fully set forth herein.

13. The claims of the '472 patent are presumed valid pursuant to 35 U.S.C. § 282.

14. On information and belief, for all times relevant to this Complaint, New Image has been making, using, selling, and offering for sale products covered by one or more of the claims of the '472 patent and continue to do so to this day. By way of example, these products include, but are not limited to, the Royal Blunts brand Eastwoods products (the "Accused Products"). A copy of New Image's website advertisement of a Royal Blunts brand Eastwoods product is attached hereto as Exhibit C.

15. On information and belief and an inspection of one of the Accused Products, the Accused Products comprise the structure as recited in the claims of the '472 patent, including a tobacco column and one or more removable wrapper layers comprising a binder overlapping and adhesively connected to a tobacco wrapper to form a continuous sheet.

16. On information and belief, New Image knew or should have known that the Accused Products would be and are placed into the stream of U.S. commerce and actively offered for sale or sold to residents in the Commenwealth of Pennsylvania.

17. Upon information and belief, the Accused Products that entered into the stream of U.S. commerce by New Image and offered for sale or sold to residents in the Commenwealth of Pennsylvania do not have any substantial non-infringing use.

18. Upon information and belief, New Image has been and is currently infringing one or more claims of the '472 patent, either literally or under the doctrine of equivalents, by making, causing to be made, using, offering to sell, selling, or importing into the United States, without license or authority at least the Accused Products, which are covered by one or more of the claims of the '472 patent, including at least claims 1, 17 and 18. New Image's infringing activities violate 35 U.S.C. § 271.

19. New Image has received at least constructive notice of the '472 patent, including at least as a result of substantially all of the products made by Plaintiff NHA or under its authority within the scope of at least one claim of the '472 patent having been marked to identify thereon, the '472 patent. Despite said notice, Defendant New Image has continued to engage in acts constituting infringement of the '472 patent.

20. NHA is informed and believes, and thereon alleges, that New Image has not only directly infringed but also contributed to infringement of and/or induced others to infringe, and continue to infringe at least claims 1, 17 and 18 of the '472 patent, in further violation of 35 U.S.C. § 271. For instance, where a retailer buys and resales the Accused Products or where a consumer uses the Accused Products. These acts also were not and are not authorized by NHA.

21. Upon information and belief, New Image had knowledge that the accused products are an infringement of the '472 patent and has willfully made, sold, and offered for sale the Accused Products. New Image contacted NHA to license the '472 patent, which NHA declined in a letter dated April 28, 2016, attached hereto as Exhibit D. The Accused Products then appeared at the National Association of Convenience Stores (NACS) Show in Atlanta, Georgia during October 18-21, 2016, see photos attached hereto as Exhibit E. Attendees of the show consist mainly of industry wholesalers, distributors and retailers but the show is also open to the general public. On information and belief, New Image displayed the Accused Products for commercial purposes, including promoting, marketing, advertising, selling and offering for sale of the Accused Products.

22. NHA is informed and believes, and on that basis alleges, that New Image has gained profits by virtue of its infringement of the '472 patent.

23. NHA has sustained damages as a direct and proximate result of New Image's infringement of the '472 patent.

24. As a consequence of New Image's infringement of the '472 patent, NHA is entitled to the recovery of past damages.

25. Upon information and belief, New Image will continue to infringe the '472 patent unless enjoined by this Court.

26. As a result of New Image's continuing infringement of the '472 patent, NHA has been damaged to an extent not yet determined.

27. New Image's infringement has injured NHA, and NHA is entitled to recover damages adequate to compensate for such infringement, including but not limited to, lost profits, a reasonable royalty award, disgorgement of the profits received by New Image, treble damages, costs, pre and post judgment interest at the maximum allowable rate, attorneys' fees, and such other and further relief as this Court deems just and proper.

28. As a consequence of the continued infringement of the '472 patent by New Image complained of herein, NHA has been irreparably damaged to an extent not yet determined and will continue to be irreparably damaged by such acts unless New Image is enjoined by this Court from committing further acts of infringement. NHA has no adequate remedy at law.

**COUNT 2 – INFRINGEMENT OF U.S. PATENT NO. 8,056,566**

29. NHA reasserts and incorporates herein by reference the allegations of all preceding paragraphs of this Complaint as if fully set forth herein.

30. The claims of the '566 patent are presumed valid pursuant to 35 U.S.C. § 282.

31. On information and belief, for all times relevant to this Complaint, New Image has been making, using, selling, and offering for sale products covered by one or more of the

claims of the '566 patent and continue to do so to this day. By way of example, these products include, but are not limited to, the Royal Blunts brand Eastwoods products (the "Accused Products"). A copy of New Image's website advertisement of a Royal Blunts brand Eastwoods product is attached hereto as Exhibit C.

32. On information and belief, New Image could only make the Accused Products, comprising a tobacco column and one or more removable wrapper layers comprising a binder overlapping and adhesively connected to a tobacco wrapper to form a continuous sheet, by the methods recited in the claims of the '566 patent.

33. On information and belief, New Image knew or should have known that the Accused Products would be and are placed into the stream of U.S. commerce and actively offered for sale or sold to residents in the Commenwealth of Pennsylvania.

34. Upon information and belief, the Accused Products that entered into the stream of U.S. commerce by New Image and offered for sale or sold to residents in the Commenwealth of Pennsylvania do not have any substantial non-infringing use.

35. Upon information and belief, New Image has been and is currently infringing one or more claims of the '566 patent, either literally or under the doctrine of equivalents, by making, causing to be made, using, offering to sell, selling, or importing into the United States, without license or authority at least the Accused Products, which are covered by one or more of the claims of the '566 patent, including at least claims 1, 7, 10 and 15-16. New Image's infringing activities violate 35 U.S.C. § 271.

36. New Image has received at least constructive notice of the '566 patent, including at least as a result of substantially all of the products made by Plaintiff NHA or under its authority within the scope of at least one claim of the '566 patent having been marked to identify

thereon, the ’566 patent. Despite said notice, Defendant New Image has continued to engage in acts constituting infringement of the ’566 patent.

37. NHA is informed and believes, and thereon alleges, that New Image has not only directly infringed but also contributed to infringement of and/or induced others to infringe, and continue to infringe at least claims 1, 7, 10 and 15-16 of the ’566 patent, in further violation of 35 U.S.C. § 271. For instance, where a retailer buys and resales the Accused Products or where a consumer uses the Accused Products. These acts also were not and are not authorized by NHA.

38. Upon information and belief, New Image had knowledge that the Accused Products are an infringement of the ’566 patent and has willfully made, sold, and offered for sale the Accused Products. New Image contacted NHA to license the ’566 patent, which NHA declined in a letter dated April 28, 2016, attached hereto as Exhibit D. The Accused Products then appeared at the National Association of Convenience Stores (NACS) Show in Atlanta, Georgia during October 18-21, 2016, see photos attached hereto as Exhibit E. Attendees of the show consist mainly of industry wholesalers, distributors and retailers but the show is also open to the general public. On information and belief, New Image displayed the Accused Products for commercial purposes, including promoting, marketing, advertising, selling and offering for sale of the Accused Products.

39. NHA is informed and believes, and on that basis alleges, that New Image has gained profits by virtue of its infringement of the ’566 patent.

40. NHA has sustained damages as a direct and proximate result of New Image’s infringement of the ’566 patent.

41. As a consequence of New Image’s infringement of the ’566 patent, NHA is entitled to the recovery of past damages.

42. Upon information and belief, New Image will continue to infringe the '566 patent unless enjoined by this Court.

43. As a result of New Image's continuing infringement of the '566 patent, NHA has been damaged to an extent not yet determined.

44. New Image's infringement has injured NHA, and NHA is entitled to recover damages adequate to compensate for such infringement, including but not limited to, lost profits, a reasonable royalty award, disgorgement of the profits received by New Image, treble damages, costs, pre and post judgment interest at the maximum allowable rate, attorneys' fees, and such other and further relief as this Court deems just and proper.

45. As a consequence of the continued infringement of the '566 patent by New Image complained of herein, NHA has been irreparably damaged to an extent not yet determined and will continue to be irreparably damaged by such acts unless New Image is enjoined by this Court from committing further acts of infringement. NHA has no adequate remedy at law.

**PRAYER FOR RELIEF**

Wherefore, NHA respectfully requests the Court to grant the following relief:

A. A judgment that the '472 patent is valid and enforceable;

B. A judgment that New Image has infringed one or more claims of the '472 patent, including at least claims 1, 17 and 18, in violation of 35 U.S.C. § 271;

C. A judgment that the '566 patent is valid and enforceable;

D. A judgment that New Image has infringed one or more claims of the '566 patent, including at least claims 1, 7, 10 and 15-16, in violation of 35 U.S.C. § 271;

E. That New Image, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the

Court's Order be preliminarily and permanently restrained from infringing the '472 and '566 patents;

F. A permanent injunction prohibiting New Image, its predecessors, successors, parents, subsidiaries, and affiliates thereof, including, but not limited to, all past or present directors, officers, agents, servants, employees, attorneys, representatives, and those persons in active concert or participation with them who receive actual notice of the Court's Order, from committing further acts of infringement of the '472 and '566 patents;

G. An award of damages to NHA, together with prejudgment interest from the date the infringement began and post-judgment interest;

H. Declaring that New Image has willfully infringed one or more of the claims of the '472 and '566 patents;

I. That the damages in this Court's judgment be trebled for the willful and deliberate infringement of the '472 and '566 patents by New Image;

J. A finding that this case is "exceptional" within the meaning of 35 U.S.C. § 285, and an award to NHA of its reasonable attorneys' fees and expenses;

K. An award of costs to NHA; and

L. Such other and further relief as this Court deems proper and just.

**JURY DEMAND**

Pursuant to Fed. R. Civ. P. 38(b), NHA hereby demands a trial by a jury on all issues so triable.

Dated: March 9, 2017

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